

MAYOR AND COUNCIL STRATEGIC FOCUS AREA SUBCOMMITTEE
RIO NUEVO/DOWNTOWN, ARTS, CULTURE AND HISTORY
ADMINISTRATIVE ACTION REPORT AND SUMMARY
May 17, 2007

Council Member Trasoff called the Subcommittee meeting to order at 5:05 p.m. in the Mayor & Council Chambers, City Hall Tower, 255 W. Alameda, 1st Floor, Tucson, Arizona.

COUNCIL MEMBERS PRESENT: Nina Trasoff, Subcommittee Chair, Council Member - Ward 6
Council Member Jose Ibarra, Council Member - Ward 1
Steve Leal, Council Member - Ward 5

STAFF LIAISON PRESENT: Greg Shelko, Rio Nuevo Director

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1. Call to Order The meeting was called to order at 5:05p.m.	
2. Call to the Audience Artist Robert Robles, a Steinfeld Warehouse affiliate made a plea for the arts district and compared their eviction to what happened to the businesses and neighborhood when the Tucson Convention Center was built – it got rid of what was really “old Tucson”.	
3. Discussion of Vision, Possibilities and Strategies for Downtown Arts ArtFare – Fletcher McCusker, Chair of the ArtFare Board, presented for the non-profit organization that serves as a community art center. When they moved into the building, the building was red-tag by the City. After making substantial improvements, they now have a Certificate of Occupancy. Over ½ million dollars were raised in 2 years and they were awarded a temporary revocable easement that will allow them to add a sculpted walkway with street vendors, walking musicians and sidewalk cafes. Mr. McCuasker apologized for the confusion that resulted from their lease request being to the Mayor and Council consent agenda. They always intended for it to be publicly vetted. They approached Rio Nuevo and the City because they felt their project could be an opportunity for a private-public partnership project. Originally, they thought Rio Nuevo could purchase the building like they did with the Fox and Rialto, but were told that didn't appear to be viable option. At the moment, the immediate	

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urgency has been solved. They negotiated another two-year lease with an option to purchase the building from current owners; however, they are asking the City for help in establishing ownership of the building and permanency at the location.

No action was taken on the ArtFare.

Council Member Trasoff directed staff to conduct a comprehensive inventory of all downtown art facilities, groups and needs and report back to the subcommittee with options for this property as well as the others in September. Council Member Leal directed staff to keep in mind that properties differ significantly in their capacity, potential uses, mechanical systems and financial resources. The list should be composed by character and geography. He also directed staff to be vigilant in strengthening the critical mass of artists that already exists in the Warehouse Arts District as opposed to moving them to other parts of downtown. Lastly, Council Member Trasoff directed staff to meet individually with each of the subcommittee members to get their input.

Steinfeld Warehouse Charles Alexander, President of the Warehouse Arts Management Organization (WAMO) and tenant of the warehouse, presented for the organization. He said it's become clear to WAMO that they need to work with the Friends of Toole Avenue, Tucson Pima Arts Council and those creating the Pima Cultural Plan to realize their dreams for the arts district.

A letter outlining WAMO's position on the matter was distributed which asks the Mayor and Council to:

- commit to redeveloping the warehouse district in accordance with the master plan approved in 2004;
- direct staff to resolve ownership issues with the ADOT properties including the Steinfeld Warehouse;
- identify funding to support redevelopment in the district;
- initiate a fair and open RFP process (with WAMO helping design the RFP and selecting the developers)
- select one or more developers to redevelop the district.

Mr. Alexander commented that since the master plan was approved, there hasn't been much movement forward. Individual projects have isolated parts of the district and the district is not being looked at as a whole.

Mr. Alexander said the Steinfeld Warehouse tenants have been under stress

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since they received their eviction notice back in November. Although their eviction date was extended, legal action will be taken if they do not move by July 31st. Steinfeld artists and WAMO still believe that the best option would be to keep artists in the building continually, find a way to support and fund the renovation of the building to meet codes, and get a Certificate of Occupancy. However, if it is not possible, they recommend Mayor and Council adopt the recommendations of the Tierra Report including funding to relocate the artists within the downtown core.

Mr. Alexander said WAMO is also asking for the master plan to be amended - there were 37 buildings identified in the district and the plan needs to be updated to reflect the actual number of buildings. Some artists have found other spaces. They also want the Steinfeld artists to find their own spaces within a few miles of the downtown core and not demand them to relocate to specific buildings or a specific set of buildings. They want the City's help in negotiating inexpensive rents, with artists paying no more than 1.5 times what they are paying now and minimal yearly increases. They want the artists returned to the Steinfeld Warehouse. They want the City to obtain ownership of the Steinfeld building, begin structural and code required repairs to the building, and then return the artists and art organizations to the building as soon as possible. They want a time line from the City to the artists by the time they move out of the building. They want the artists returned to the renovated building and want to lease the building from the City with the same consideration given to other organization for \$1/year and to eventually be able to purchase the building from the City.

Corky Poster, of Poster Frost Associates, a sub-consultant to HDR Engineering on the Downtown Links project, was asked to conduct a building condition assessment report study on the Steinfeld and Citizens Warehouses. Structural, code and programmatic issues were reviewed for the upcoming underpass construction on 6th Street west of Stone Avenue. He said the 34,000-sq. ft. Steinfeld building was built in 1907 by Albert Steinfeld and was listed on the National Register of Historic Places in 1999. Structural improvements to make the building safe within the context of the existing building code would take just over \$1 million. An additional \$400,000 would be needed to deal with additional code issues and heating and cooling.

Council Member Trasoff asked if the improvements would give them a Certificate of Occupancy? Mr. Poster responded that the building has been outside of City jurisdiction and owned by the State for the last 18-19 years. Development Services needs to determine code implications and parking

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requirements. The Fire Department needs to review the building for safety issues.

Mr. Poster addressed the issue of occupancy during construction. He said the building could be occupied during most repairs. However, where the roof decking is severely damaged it may be necessary to temporary restrict access during repairs. Repairs to the mezzanine, including attaching floor and roof beams to masonry walls will also cause minor disruptions to the occupants. Cost estimates assume everything would be done all at once. Moving people around and stringing things along may result in additional costs.

Mr. Poster said the retaining walls that would protect the foundations of the Steinfeld and Citizens buildings (approximately 8-10 ft from the buildings) from transportation construction project impacts are still being studied. The engineering report is to be completed in 60-90 days. The report will recommend that if all of the repairs are done to the Steinfeld Warehouse prior to construction, shoring should be done along the north wall from the basement to the 1st floor and the 1st floor to the roof on the inside wall during construction. Council Member Trasoff said there are too many unanswered questions absent the shoring report.

Mr. Poster said construction on the underpass wouldn't start for another 3 years. Their report suggests improving the building now, but shoring it up wouldn't be necessary until construction.

Council Member Leal commented that when we heard a company that specializes in demolitions was doing the initial reports, it gave a dire view of the future for the building and people, and an alternative critique with a different outcome was needed. He said even though it might cost more money to keep the artists in the building while the work is being done, when you look at them going back and forth twice, what does that do to their revenues?

Council Member Leal asked if Federal money was going toward the construction of the underpass? Jim Glock, City of Tucson Director of Transportation, responded no, the RTA (Regional Transportation Authority) is funding it. He said City submitted four crossings, but they didn't get sufficient funding for any one and the funding that they did get, they weren't intending to use them for this particular project.

Council Member Leal commented that it was deal to spend \$1.4 million on a 34,000 ft. building. Where else are we going to get artist space for \$40/ft?

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Mr. Alexander stated that he didn't want to leave tonight's meeting confused – should they move, or hang on and wait?

Theresa Welbourn, an ADOT representative said ADOT, the City and the artists have been working towards an amicable solution for months. ADOT doesn't have a legal right to own the building anymore and needs to dispose of it.

Council Member Trasoff directed staff to find funding to do what needs to be done, keep the artists in the building during the shoring process, and develop a way for the artists to own the building. Due to time constraints, the information needs to be ready for a special subcommittee meeting on June 7th. The meeting will be held the Mayor and Council Chambers.

Council Member Leal directed staff to look at all funding sources, including Rio Nuevo money.

Council Member Trasoff directed staff to meet with all the subcommittee members individually to get their ideas.

Downtown Arts - Mr. Poster was asked to give his opinion on the Warehouse area. He said the district is larger than the area covered by his plan and that there's been a lack of focus on the part of the City. Discussions and decisions are being made bilaterally. The time has come for a very focused effort by the City to assign a staff person who's only job is to make the Warehouse Arts District work. The City needs to develop a logical system for property disposition and RFPs for individual projects, working with all interested parties. When the master plan was written, the model for how it would work was an umbrella artist group taking care of all 16 buildings. He doesn't believe that is feasible anymore. There are different solutions for different properties. It needs to be more decentralized in terms of ultimate disposition and more centralized in terms of focus and getting things done. The process needs to be focused and coordinated and that of course has a dollar figure associated with it.

Bill Bulick, lead consultant on the Pima Cultural Plan talked about their plan which is 2/3 complete and is reinforced by TREO's Economic Blueprint and the recent Town Hall sponsored by the Southern Arizona Leadership Council. The plan reflects three priorities for downtown. The City should take a hold of and make the Warehouse District happen. Work is needed on the Congress Street spine to fill it out as an arts and entertainment district. The Scott Street spine should be looked at as a

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cultural district.

Susan Ghant, owner of an artist space at 6th Avenue and 6th Street, and a WAMO member, spoke in favor of affordable studio space. Her business has seven employees, she owns property and rents to other artists and non-profit organizations (Native Seed Search and Raices Taller art gallery rent from her). She said that wouldn't have happened without the ability to start at a level that she could afford and work her way up. She purchased her building from Ron Swabe, who's done a great job of developing art spaces in the area. He worked with her on a lease term over 3-4 years to start off and incrementally build her so she could build her business at the same time. She and others like Libba Wheat from Wheat Scharf Associates chose downtown because they wanted to be there. Keeping artist in the district is important. She thinks artists and private developers need to get involved and re-stated what Mr. Alexander said about WAMO being involved with city staff in developing and reviewing an RFP that would ensure there is affordable studio space perpetually to keep new generations of artists coming downtown. The District needs to be developed as whole.

Roberto Bedoya, Executive Director of the Tucson Pima Arts Council (TPAC) was asked to give his perspective. He underscored that the purpose of the cultural plan is not only for downtown, but the region as well. TPAC is currently reviewing 68 applications for support to arts organizations and 37 are about activities downtown. TPAC knows that downtown is a cultural hub and that's what their advocacy work is about. He spoke broadly about the arts downtown. Their organization partners with the school district that leases space at 35 Toole Avenue, so they are trying to figure out how to make that happen. TPAC also serves as an information hub, so they try to keep knowledgeable of all of the different challenges associated with cultural facilities. Downtown is the center for the performing arts. They advocate and promote, sustain and support downtown as the cultural hub of the region.

Council Member Leal commented that in 1980's the State did away with the 15% property tax for residential rentals, made it 10% like owner occupied, but the landlords didn't pass that savings on to the renters. He said the City should eliminate the lease tax for arts uses because when you add the dollar value to the City lease tax, it's almost the same as what the property taxes are, so artists that are leasing space are paying the equivalent of a 50% property tax. But, the landlords may not pass that on, so maybe the City should consider taking the proceeds from the City lease tax generated by arts uses to augment TPAC's budget, because their budget has shrunk in buying power to 1/3 of what it was in 1990. It was \$1-\$1.2

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million and it's less than \$600,000 when you adjust it for inflation. If it had kept up would have been \$1.8 or \$2 million. He thinks they should have a discussion on the 2% lease tax and having it go to the arts.

Council Member Trasoff directed staff to schedule a discussion in the fall about using the lease tax towards the arts.

Council Member Trasoff also directed staff to include a discussion on updating the Warehouse Arts District Master Plan in September when they return in with the arts inventory.

4. Presentation of Report on Infrastructure Needs to Serve Future Downtown Development

Michael Keith, a private-sector downtown developer that headed up the group that put together the Downtown Infrastructure Report presented. He said in 1999 when Proposition 400 was approved by the voters and in 2006 when the Arizona Legislature extended TIF, improvements to utilities and infrastructure were always thought to be a major component towards attracting private development downtown. This report outlines what now needs to be done:

- coordinate improvements to water, sewer, gas, electric, stormwater and telecommunications and integrate them to the alignment of the modern streetcar if needed
- address aging infrastructure beneath the City's ROW at the same time, the miles of outdated irrigation lines and aging electric lines that run under our decaying sidewalks
- stub out sewer and electric and water for the restrooms and drinking fountains and interactive water features that are coming with new streetscapes
- install spigots to power wash new pavers and run conduits to new trees, raised planters and bollards so we can light up the night downtown, while complying with the dark-sky ordinances

He said the 150+ page document encompasses utilities, police, fire, the business improvement district, TCC, sanitation, road projects, parks, and public programs designed to stimulate development. It provides a road map for making downtown revitalization happen, identifies the location and the

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costs for initiating a pilot streetscape program, recommends façade improvements, creates a WiFi free downtown, underground's overhead power lines and creates green space links to parks, trails and bike paths. The report also calls for forming a strong downtown development entity that can implement the recommendations, make hard decisions under tight timelines, prepare budgets and implement strategies for the subsequent phases of the revitalization.

Council Member Ibarra recommended that the item be forwarded to the full Mayor and Council with a favorable recommendation from the subcommittee. Council Member Leal seconded the recommendation. Recommendation passed unanimously.

Council Member Leal left the meeting at 6:45 p.m.

5. Discussion of Proposed University of Arizona Science Center, Arizona State Museum and Other Museums

Bob Smith, Director of Facilities Design and Construction for the University of Arizona and Leslie Tolbert, Vice President for Research, Graduate Studies, and Economic Development presented their combined facility project, which includes a \$100 million Science Center and \$30 million Arizona State Museum. Although smaller than the original plans, the science center will still include a planetarium, Imax theater and space for permanent and traveling exhibits, and the museum will more than quadruple its exhibit space and artifacts that have been in storage will now be able to be displayed.

Council Member Ibarra said the science center is smaller than he would have liked, but he is pleased to bring the educational facility to the neighborhood that will have a positive impact for the youth in our community.

Council Member Ibarra recommended that the item be forwarded to the full Mayor and Council with a favorable recommendation from the subcommittee. Council Member Leal seconded the recommendation. Recommendation passed unanimously.

Greg Shelko, Downtown Development Director, briefly went over the funding allocation guide for the remaining Rio Nuevo dollars that will be presented to Mayor and Council on May 22nd.

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\$102 million Arena, Convention Center Expansion, Hotel
 \$130 million University of Arizona Science Center and State Museum
 \$100 million Infrastructure Upgrades and Streetscape Improvements
 \$ 70 million Parking Facilities
 \$ 60 million Other Museums
 \$ 45 million Arizona History Museum
 \$ 10 million Tucson Children's Museum
 \$ 5 million West Side Neighborhood Library

\$462 million Subtotal

\$ 66 million Outstanding Obligations (approved, not expended)

\$ 1,400,000 Depot Plaza (public (plaza) improvements)
 \$27,500,000 Origins Park (hard and interpretive cost)
 \$26,200,000 West Side Infrastructure II (roads, utilities, landfill)
 \$ 9,000,000 Clark Street Underpass (widening and enhancements)
 \$ 170,000 El Presidio de Tucson (construction balance)
 \$ 594,000 West Side Infrastructure I (bal. roads and developer PIA)
 \$ 850,000 West Side Infrastructure I (bal. flood and landfill)

\$ 53 million Future Arts, Cultural and Other Projects

\$581 million Total

The distribution of all Rio Nuevo funds (including prior capital project costs and the allocation plan above) is:

35.9% West Side
 19.6% East Side
 35.7% Infrastructure
 8.7% Unallocated

Council Member Ibarra recommended that the plan be forwarded to the full Mayor and Council with a favorable recommendation from the subcommittee. Council Member Trasoff seconded it. Council (Member Leal had departed.)

6. Future Agenda Items

- June 7, 2007 – Steinfeld Warehouse
- September 20, 2007 – Inventory of Downtown Arts Groups, Needs, Funding Requirements, Funding Sources

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- Fall – Possibility of Using Lease Tax Towards the Arts	
7. Adjournment Meeting was adjourned at 6:55 p.m.	